

Press Release

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Water Company Acquisition Study Committee Recommends Purchase

The committee formed by Hingham Town Meeting in 2012 to study whether to acquire the portion of Aquarion Water Company which serves the town has voted to recommend that the Board of Selectmen take the steps necessary to begin a potential acquisition.

Formed in 1879 as the Hingham Water Company, owned and operated by Hingham citizens, the company today is known as Aquarion, and the owner is a subsidiary of Macquarie, an Australian investment bank. Hingham is one of a small number of towns in the Commonwealth without public water. Most towns operate their own water system.

“Based on our analysis of the proper price to be paid, we believe acquiring the water company will save the public more than \$70 million over twenty years,” said Jonathan Asher, chairman of the committee. “After the payoff of a twenty-year bond to subsidize the purchase, the savings will be on the order of \$8 million a year.”

The state law which created the water company in 1879 stipulated that Hingham would have the right to purchase the company at any time, based on a price formula laid out in the statute. Officials of Aquarion Water have cooperated with the Board of Selectmen and the committee by providing financial information to aid the committee’s analysis. However, Aquarion has said it does not wish to sell the company, and the committee anticipates that legal action may result if the Board of Selectmen votes to take the steps necessary in order to recommend the purchase to Town Meeting.

The committee set three requirements for a positive recommendation to purchase. First, there must be confidence that acquisition would not affect the water rate negatively. Second, the legal basis for the purchase must be sound and robust enough to withstand challenge. Third, the purchase must make lower and slower water rate increases possible, while still allowing for a stepped-up program of improvements to the system. The committee concluded that all of these conditions can be met.

In addition, the committee examined the engineering requirements and the potential governance issues, looking for “show-stoppers” which might make the acquisition impractical. While further study is required on these items, the committee concluded that it is practical for the town to operate the water company initially by outsourcing to an experienced water-management company.

The Board of Selectmen is scheduled to discuss the committee’s recommendation on June 27.